



City of Gloucester

Consolidated Annual Performance & Evaluation Report

CAPER PY08

July 1, 2008 - June 30, 2009

Mayor Carolyn A. Kirk

Financial Summary
Grantee Performance Report
Community Development Block Grant Program

**U.S. Department of Housing
and Urban Development**
Office of Community Planning
and Development

OMB Approval No. 2506-0077 (Exp. 5/31/97)

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Do not send this form to the above address.

1. Name of Grantee City of Gloucester		2. Grant Number B-08-MC-25-0028		3. Reporting Period From 07/01/2008 To 06/30/2009	
Part I: Summary of CDBG Resources					
1. Unexpended CDBG funds at end of previous reporting period (Balance from prior program years)				\$98,978.00	
2. Entitlement Grant from form HUD-7082				\$782,760.00	
3. Surplus Urban Renewal Funds				\$0.00	
4. Section 108 Guaranteed Loan Funds (Principal Amount)				\$0.00	
5. Program Income received by:		Grantee (Column A)	Subrecipient (Column B)		
a. Housing Rehab Loan Repayments/payoffs		\$145,805.00	\$		
b. Other (Identify below. If more space is needed use an attachment)					
		\$	\$		
		\$	\$		
c. Total Program Income (Sum of columns a and b)		\$145,805.00	\$0.00	\$145,805.00	
6. Prior Period Adjustments : unprogrammed funds allocated for projects				\$38,307.00	
7. Total CDBG Funds available for use during this reporting period (sum of lines 1 through 6)				\$1,065,850.00	
Part II: Summary of CDBG Expenditures					
8. Total expenditures reported on Activity Summary, forms HUD-4949.2 & 4949.2A				\$862,974.00	
9. Total expended for Planning & Administration, form HUD-4949.2				\$185,455.00	
10. Amount subject to Low/Mod Benefit Calculation (line 8 minus line 9)				\$677,519.00	
11. CDBG funds used for Section 108 principal & interest payments				\$49,698.00	
12. Total expenditures (line 8 plus line 11)				\$912,672.00	
13. Unexpended balance (line 7 minus line 12))				\$153,178.00	
Part III: Low/Mod Benefit This Reporting Period					
14. Total Low/Mod credit for multi-unit housing expenditures from form		HUD-4949.2A		\$129,554.00	
15. Total from all other activities qualifying as low/mod expenditures from forms		HUD-4949.2 and 4949.2A		\$550,964.00	
16. Total (line 14 plus line 15)				\$680,518.00	
17. Percent benefit to low/mod persons (line 16 divided by line 10 this reporting period)				100%	

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form HUD-4949.3 (6/93)

Previous editions are obsolete.

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ref Handbook 6510.2

Financial Summary
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Part IV: Low/Mod Benefit for Multi-Year Certifications (Complete only if certification period includes prior years)		
Program years (PY) covered in certification	PY	PY 2007
18. Cumulative net expenditures subject to program benefit calculation		NA
19. Cumulative expenditures benefiting low/mod persons		NA
20. Percent benefit to low/mod persons (line 19 divided by line 18)		NA
Part V: For Public Service (PS) Activities Only: Public Service Cap Calculation		
21. Total PS expenditures from column h, form HUD-4949.2A		\$102,998.00
22. Total PS unliquidated obligations from column r, form HUD-4949.2A		\$7,500.00
23. Sum of line 21 and line 22		\$110,498.00
24. Total PS unliquidated obligations reported at the end of the previous reporting period		\$5,000.00
25. Net obligations for public services (line 23 minus line 24)		\$105,498.00
26. Amount of Program Income received in the preceding program year		\$222,406.00
27. Entitlement Grant Amount (from line 2)		\$782,760.00
28. Sum of line 26 and line 27		\$1,005,166.00
29. Percent funds obligated for Public Service Activities (line 25 divided by line 28)		10%
Part VI: Planning and Program Administration Cap Calculation		
30. Amount subject to planning and administrative cap (grant amount from line 2 plus line 5c)		\$928,565.00
31. Amount expended for Planning & Administration (from line 9 above)		\$185,455.00
32. Percent funds expended (line 31 divided by line 30)		20%

Instructions

Name of Grantee: Enter the grantee's name as shown on the approved Grant Agreement (form HUD-7082) for the most recently completed program year.

Grant Number: Enter the grant number assigned by HUD to the Community Development Block Grant for the most recently completed program year.

Period Covered: Enter the beginning date and ending date for the most recently completed program year.

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CITY OF GLOUCESTER
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
2008 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT

A draft of the 2008 City of Gloucester Consolidated Annual Performance and Evaluation Report (CAPER), which reports on the performance of the Community Development Block Grant (CDBG) Program, is available for public review and comment. This 2008 financial and programmatic report covers the period of July 1, 2008, through June 30, 2009, and may be reviewed until Friday, September 25, 2009, at the Grants Office of the Community Development Department, 3 Pond Road and the Sawyer Free Library, 2 Dale Avenue, Gloucester, MA 01930. The final version of this report, along with any comments received, will be submitted to the U.S. Department of Housing and Urban Development on Monday, September 28, 2009. Comments and questions must be submitted in writing to Sharon Dubois, Grants Administrator, Community Development Department, Grants Division 3 Pond Road, Gloucester, MA 01930 or email at sdubois@gloucester-ma.gov.

(08/28/09)

City of Gloucester
Consolidated Annual Performance and Evaluation Report
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I. Introduction

Each year the Grants Office of the Community Development Department produces the Consolidated Annual Performance and Evaluation Report (CAPER) to assist the citizens understand the goals and accomplishments of the Department of Housing and Urban Development's (HUD) funded Community Development Block Grant (CDBG) Program. Program Year 2008 (PY08) marks the fourth year of accomplishments geared toward the goals and strategies identified in the Five Year 2006-2010 Consolidated Plan.

The CDBG is funding an array of programs, pursuing policies that increase the availability of housing, jobs, and social services for low and moderate-income persons in the community. In PY08, the city provided low and moderate-income residents with significant housing assistance, while also utilizing CDBG funds to encourage a healthy business climate, and to improve the living environment for low and moderate-income residents of the city.

The Five Year Consolidated Plan, which identifies the city's priorities and objectives, provides the blueprint against which this year's accomplishments are measured. These priorities are grouped into the three categories of the mission statement of HUD's: affordable housing, economic opportunity, and a suitable living environment free from discrimination.

Affordable Housing for Low and Moderate-Income Residents

- Expand access to homeownership,
- Prevent displacement,
- Maintain affordability of existing housing,
- Increase the supply of housing,
- Leverage private investment in affordable housing,
- Prevent homelessness, and
- Ensure availability of funds for lead paint removal. Promote lead paint removal in rental housing to ensure access to such housing for families.

Economic Opportunity

Increase the ability of low and moderate-income residents to obtain jobs with:

- Job training programs,
- Furthering education, and
- Micro business training

Improve the availability of local jobs by enhancing the local business climate with:

- Loans to enable businesses to expand locally,
- Assistance with remediation of environmentally contaminated commercial properties (Brownfield's sites), and
- Providing non-profits with the resources to hire teens

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Suitable Living Environment Free From Discrimination

- Support social services that provide assistance that improves the living environment for the low and moderate-income population. Particular attention will be given to the needs of the elderly and low and moderate-income youth,
- Neighborhood improvements, and
- Architectural barrier removal.

II. Funding

Entitlement Grants, PY08:

CDBG

Unexpended Funds at end of PY07.....	\$98,978
PY08 Entitlement Grant.....	\$ 782,760
PY08 Program Income.....	\$145,805
Total CDBG Funds Available.....	\$1,027,543

HOME

Unexpended Funds at end of PY07.....	\$10,000
PY08 Funding.....	\$ 122,483
PY08 Program Income.....	\$0
Total HOME Funds Available.....	\$132,483

Other Funding:

Brownfield's Cleanup Revolving Loan Fund **\$295,000**

The Environmental Protection Agency (EPA) Grant is available to the city to make low interest loans for the cleanup of Brownfield's contamination in Gloucester.

Loan funds have been successfully allocated for projects benefitting the City of Gloucester. The city and Jay McNiff (one of the Principals in the 143 Washington Street property) have signed loan documents for Brownfield's funding in the amount of \$295,000 to redevelop approximately 7 acres of property (rezoned to residential classification) at the end of Whittemore Street and Riverside Avenue in Gloucester. The Project will consist of a waterfront residential neighborhood development of 10 grouped condominiums. It was formally known as the Cape Ann Forge and rezoned residential R-3. The city received approval of the Property Eligibility Form submitted to the EPA's Regional Office. A RAM Completion report has been submitted and will be reviewed by our LSP. Monitoring of water samples with well testing pits is ongoing and sampling of salt water will be tested also.

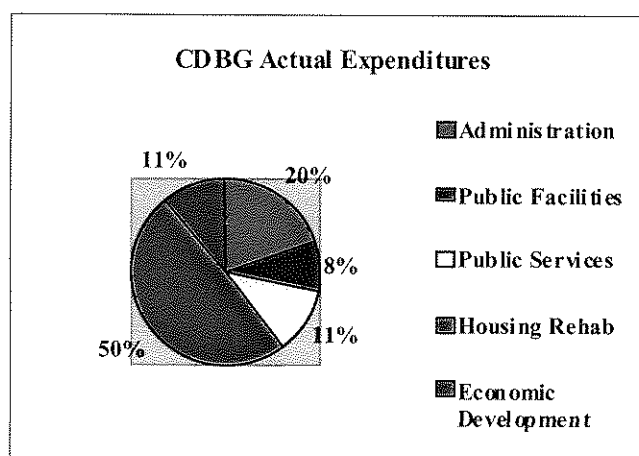
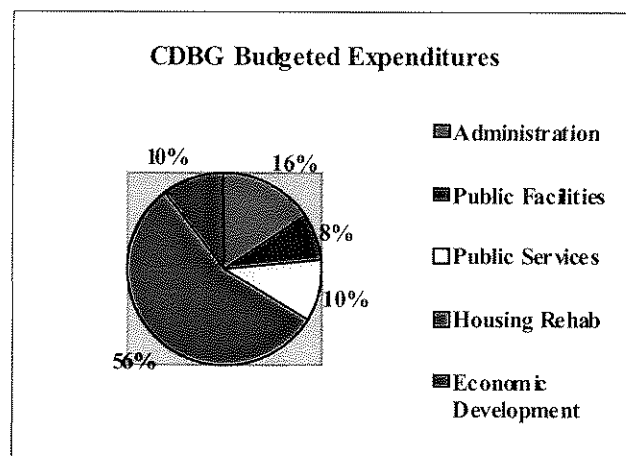
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III. Expenditure of Funds

A. Overview

In PY08, the city distributed the CDBG and HOME funds as follows:

<u>Category</u>	<u>Original Allocation</u>	<u>Additional Funds</u>	<u>Actual Expenditures</u>
Housing Rehabilitation Activities	\$ 553,238	0	\$ 454,343
Public Services	\$ 98,000	\$ 7,500	\$ 102,998
Public Facilities	\$ 75,000	0	\$ 73,177
Administration & Planning	\$ 156,522	\$ 25,933	\$ 182,455
Economic Development	\$ 100,000	0	\$ 99,698
PY08 CDBG Funds	\$ 982,760	\$33,433	\$ 912,671
Housing Acquisition Activities			
PY08 HOME Funds.....	\$ 122,484	\$	\$ 111,067



B. Housing

The Housing Rehabilitation Program provided 0% interest, deferred payment loans of up to \$20,000 per dwelling unit to both multifamily and single family residences. If the owner is low or moderate-income and resides in the property to be assisted, the loan does not require matching funds. All rehabilitated apartments are required to have a 15 year period of affordability that runs with the property, regardless of sale. Rehabilitation work focuses on repair of safety and code violations. The Housing Rehabilitation Program improves the livability of accommodations for low and moderate income persons in the community and allows people to stay safely in their homes who might otherwise be displaced by deteriorating conditions.

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The Housing Rehabilitation Program continues to be a strong support for residents in the community. However, depending on the level of future CDBG funding, coupled with the amount of Program Income the city receives in the form of deferred loan repayments, will determine the city's ability to continue exceeding the expectations of the Consolidated Plan. Also, with the Mass Housing's "Get The Lead Out Program," now having no funding available, it further limits our resources for rehab assistance. Sixteen single family homes and four multifamily homes were assisted with CDBG funds in PY08. Seventeen families were low-income; eight were moderate income, and one was very low and 15 were female heads of households. A total of 26 dwelling units received \$454,343 for rehab loans through this program.

The city provides a First-time Homebuyers Program with HOME funds, which the city receives through an agreement with the North Shore HOME Consortium. The First-time Homebuyers Program is critical in assisting low to moderate income buyers with downpayment and closing costs associated with purchasing their first home. The assistance is in the form of a deferred loan up to \$10,000 at 0% interest, which does not require repayment until the home is sold, transferred or is no longer used as the recipients primary residence. The city also partners with MassHousing Partnership (MHP) for their Soft Second Mortgage Program that stretches the buyer's purchasing power. In PY08, the city spent \$111,067 in HOME funds, assisting 11 low to moderate-income homebuyers close on purchasing their first home. Of the 11 homebuyers, one was low income and 10 were moderate income.

In PY07, Cape Ann Housing Opportunities (CAHO), Inc. Project continued to face very tough financial obstacles. In 2004 the city had committed to a multi-year investment of HOME (\$100,000) and CDBG funds (\$310,000) towards the soft costs for a portion of the phased development of 119 rental and ownership units at 147 Essex Avenue. Disappointingly, a failing real estate market, coupled with high acquisition prices and condo fees for the units has stifled the sales of the ownership units. The units were pulled from the real estate market last winter when CAHO defaulted on their loan payments. The project remained stalled while lead lenders, represented by the Massachusetts Housing Investment Corp (MHIC) and CAHO appealed to the state for a \$1.53 million state bailout. The request was denied by the Department of Housing and Community Development (DHCD) and at the time of this Report, MHIC decided to take significant losses on more than \$9 million in loans to CAHO. MHIC has taken full possession of the property. At this report MHIC has reserved the rights to future reorganization.

In PY08 the Caleb Foundation purchased the final building site from MHIC and has secured 3.27 million, a combination of state and federal low-interest state loans and tax credits, to develop 34 new units of low income rental housing.

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C. Public Facilities

In PY08, the city expended \$25,000 for the North Shore Community Health, Inc. (NSCH). This is a Community Health Center established to service low income underserved individuals and families with free or low cost health care and dental care. The NSCH had been donated three medical condominium units at 302 Washington Street, leaving a fourth unit to be purchased. CDBG funds supported this effort for its third year and has committed to support this effort for a total of 10 years.

In PY08, the city approved \$50,000 for Pathways for Children, Inc. towards their public facility which will include landscaping, paving and drainage improvements of the parking lot. Pathways for Children, Inc. is a preschool facility that offers low income households affordable daycare. Improving their parking lot facility secures the safety of the children and the buses and traffic flow in and around the facility. Continuing the initiative by the city to stimulate funds back into the CDBG Program, Pathways for Children, Inc. will repay the city in the form of a 0% loan with 10 annual payments of \$5,000.

Economic Development

In PY08, the city continued to administer the HUD Section 108 Loan. As previously reported, Good Harbor Filet (GHF) expanded into a new 60,000 sq. ft. facility at the Blackburn Industrial Park. Unfortunately at the end of PY03, the city was notified that GHF has filed for Chapter 11 Bankruptcy protection. During PY04 the city continued discussions with GHF with their ability to fulfill their financial obligations to the city. The city budgeted \$29,000 to maintain our biannual payment commitment to Chase Manhattan Bank. The city will receive 60% (\$155,000) of the outstanding balance of \$260,000 within 4-6 years.

The city continues to administer the \$500,000 Brownfield's Cleanup Revolving Loan Fund. The city has been reaching out to the business community and both residential and commercial developers to introduce the BCRLF. Methods include, but not limited to, meeting with the Chamber of Commerce regularly and requesting that they put a notice in their newsletter informing their readers the city has BCRLF available, placing a newspaper ad in the Gloucester Daily Times, meeting with the city's Downtown Development Committee, City Councilors, local banks, realtors and the city's Housing Coalition.

The city was fortunate enough to be awarded \$300,000 of FY06 1st Round of Supplemental Funding to offer funds to a broader spectrum of applicants, which now includes gas stations. It was intended that the owner of the 22 Blackburn Circle (Mr. Michael Butter) would initiate the commencement of cleaning the site up. After agreeing to the terms of a loan negotiated in late 2005, Mr. Butter continues to not follow through on taking the necessary steps to secure the city's BCRLF or maintain contracted environmental specialists. The site continues to be a hazard to the community and environment.

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In PY07 and continuing in PY08, the city approved a loan for the clean-up of a river-front, future residential site, located within an industrial facility on Whittemore Street. This city loan/application is slated for one of the owners of 143 Washington Street (Jay McNiff) for the clean-up and residential development of 3.5 acres at the end of Whittemore and Riverside streets. It was formally known as the Cape Ann Forge and rezoned residential R-3. The city has complete confidence in Mr. McNiff's commitment to the project and has signed loan documents for \$295,000 for site clean up. A RAM report has been completed.

D. Suitable Living Environment

Public Service grants in the amount of \$98,000 were made in PY08 to for-profit and nonprofit organizations engaged with improving the lives of low and moderate-income residents.

1. Youth Services

The city provided \$25,000 to the YMCA of the North Shore, Inc. (YMCA) for Youth Employment. The Program supported the YMCA in collaboration with the City of Gloucester, Chamber of Commerce and the Gloucester Downtown Development Commission recruiting, employing, training, and supervising 72 youths from low/mod income families. This twelve week program provided cleaning and maintenance in the Gloucester downtown business district while providing youths with their first opportunity to earn resources while contributing back to the community. The employees participated in picking up litter, sweeping & raking, clipping & pulling weeds, water plants and undertaking some lower level maintenance projects such as sanding, refinishing and painting benches. These youths experienced; work ethics, earned wages, teamwork experience, peer approval, responsibility, increased self-esteem, adult and community recognition and recycling awareness.

2. Family/Individual Services

The city provided Cape Ann Interfaith Commission with \$5,000 matching grant for their Rental Assistance Program. The goal of the program is to prevent homelessness by providing a one-time only, outright grant of up to \$500 to qualified, low-income, homeless individuals or families to help with first or last month's rent or security deposit. The Commission receives referrals from a broad base of reputable social service agencies within the area. The applicants were only identified through their social security numbers and no names or religious affiliations were ever divulged during the selection process. The checks are made payable to the referring agency and then to the landlord of the rental unit, not the applicant. The Program served 10 households.

The city provided \$5,000 to the Gloucester Housing Authority (GHA) for a First-time Homebuyer Pre and Post Purchasing Counseling Program. The purpose of the Programs

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are to educate the consumer and assist them in deciding if homeownership is a viable option and to minimize the conditions that lead to defaults and foreclosures, which lead to homelessness. The Housing Authority has received a very high demand of foreclosure counseling this past program year. The Program served 196 individuals.

The city provided \$5,000 to the Open Door Food Pantry of Cape Ann for access to the food stamp program. This campaign is an outreach effort to educate Gloucester's limited income families and individuals with information about nutrition and the Food Stamp program purchase power. The Pantry indicates that 25% of the current clients are self-reporting income eligibility, but not accessing the food stamp program. The Program's goal was to serve 300 to 500 individuals; they served over 300 individuals as of the third quarter.

The city provided a grant of \$7,500 to Action, Inc., for their English as a Second Language Program, an outreach to the growing non-English speaking populations residing in Gloucester. The Program provides ESL for adults in the community, particularly, the parents of Gloucester school children by providing underserved adults with the opportunity to improve their education and as a result, their employment. The Program served 27 adults.

The city provided \$12,500 to Action, Inc., for their Health Care Industry Career Program. The Program provided clinical medical assistant training to very low-income and low unemployed or under-employed Gloucester residents. The Program linked health care employers with low-income residents in Gloucester to meet the ever-increasing demand for health care industry workers and provided a vehicle for the individuals to gain skills, knowledge and confidence to work in the healthcare field. The Program served 17 adults.

The city provided \$5,000 to the North Shore Health Project for the "Be Sober, Be Well" program which offers supportive services for men and women struggling with chemical addictions who have no insurance or inadequate insurance for counseling and support services. The Health Project offers several programs to support sobriety over the long term, which include case management, advocacy, counseling with a nurse, holistic treatments, congregate meals and counseling with a licensed drug and alcohol counselor. The funds were used to partially defray the costs of the program. The Program served 63 individuals.

The city provided \$25,000 for soft costs for a Community Health Center, serving low income, under insured residents. This is the third of a 10 year annual commitment. The North Shore Community Health, Inc. (NSCH) is a 501C Not for Profit Corporation with service site locations in Peabody and Salem. NSCH is a Federally Qualified Community Health Center and provides access to medical and dental health care services has been working with the City of Gloucester, Northeast Health Systems and Health & Education Services in a collaborative effort to increase access to primary health care and behavioral health care services to the under served residents of Gloucester and the surrounding communities. The Health Center opened late Fall, 2008.

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Assessment of Five Year Goals and Objectives

A. Housing

The CDBG Program continued to make excellent progress towards improving the quality of housing in the city and meeting the housing objectives identified in the fourth year of our 2006-2010 Five Year Consolidated Plan.

Better access to homeownership was addressed with the \$10,000 loans from the First-time Homebuyer Program. The city worked aggressively to assist 11 households, of which three were condominiums. The foreclosures nationally, have not affected Gloucester's First Time Homebuyers. The city contributes this success to the funding of the mandatory First time Homebuyers counseling.

The Housing Rehabilitation Programs continues to give us the tools to Prevent Displacement, Maintain Affordability of Housing, and Leverage Private Investment.

Substantial numbers of low-income persons in both single family homes and in apartments were assisted with repairs and essential improvements to maintain their housing.

The multifamily rehabilitation program has success on three counts:

First, it gives low-income tenants an opportunity to have their apartments brought up to code standards;

Second, it preserves the affordability of that unit for a minimum of 15 years and also carried restrictions on rent increases that might result from the rehab; and

Third, the program assists low/moderate income landlords: the majority of landlords assisted meet these criteria.

The Housing Rehabilitation Program continues to be slow for single family homes due to new federal lead paint regulations.

The city has made efforts to enable private or nonprofit development of mixed-income housing. Barriers to the development of housing in Massachusetts have been the increased municipal cost burdens from development - primarily school costs, and concerns about traffic congestion and environmental degradation. In these years of extremely high housing costs, however, the affordable housing component of development is increasingly seen as a public benefit that helps outweigh the other concerns. In PY07, Cape Ann Housing Opportunities (CAHO), Inc. Project continued to face very tough financial obstacles. In 2004 the city had committed to a multi-year investment of HOME (\$100,000) and CDBG funds (\$310,000) towards the soft costs for

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a portion of the phased development of 119 rental and ownership units at 147 Essex Avenue. Disappointingly, a failing real estate market, coupled with high acquisition prices and condo fees for the units stifled the sales of the ownership units. The units were pulled from the real estate market when CAHO defaulted on their loan payments. Borrowing was frozen and the project remained stalled while lead lenders, represented by the Massachusetts Housing Investment Corp (MHIC) and CAHO appealed to the state for a \$1.53 million state bailout. The request was denied by the Department of Housing and Community Development (DHCD) and at the time of this Report, MHIC decided to take significant losses on more than \$9 million in loans to CAHO took possession of the property. At this report, MHIC has not revealed future sales or use schedule.

In PY08 the Caleb Foundation purchased the final building site from MHIC and has secured 3.27 million, a combination of state and federal low-interest state loans and tax credits, to develop 34 new units of low income rental housing.

The City also funded the City of Gloucester Inspectional services department with \$30,000 to purchase software and hardware equipment for code enforcement productivity in low income neighborhoods. The equipment should enable the inspectional department to expedite its reporting and increase its number of inspections on multi units within low/mod census areas. They will identify safety, health and code violations for property owners to address and make our multi unit housing safer.

The city provides guidance to the programs available, as well as assistance with affordable income guidelines and the targeting of units.

B. Economic Opportunity

1. Increase the ability of low/moderate-income residents to obtain jobs

The city continues to administer the HUD Section 108 Loan. Through the \$300,000 HUD Section 108 Loan provided to the city in PY02, a local business, Good Harbor Filet (GHF), expanded into a new 60,000 sq. ft. facility at the Blackburn Industrial Park, which created 8 jobs, 5 of which are for low to moderate-income individuals. Unfortunately at the end of PY03, the city was notified that GHF has filed for Chapter 11 Bankruptcy protection. During PY04 the city continued discussions with GHF with their ability to fulfill their financial obligations to the city. The city has and will continue to maintain our biannual payment commitment to Chase Manhattan Bank. The city concluded negotiations with GHF and it was agreed upon that the city will receive 60% (\$155,000) of the outstanding balance of \$260,000 within 4-6 years.

Cape Ann Business Incubator (CABI) was funded for \$50,000 to offer small start up business training and education in starting their own business. CABI offers training, technical assistance, office space, shared technology, business library, networking and access to financing and other professional services. A full series of hands-on business planning, marketing, financial literacy and retail training work shops seminars were

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available for students to take advantage of. CABI assisted 99 individuals and assisted in creating seven new businesses.

2. Enhance the local business climate

The city considers a vibrant downtown essential for a strong community. In PY08, the city continued to liaison with the Downtown Development Commission and the Chamber of Commerce, especially with the development and implementation of the 2006-2010 Five-Year Consolidated Plans.

3. Put Contaminated Commercial Sites back into Reuse

The city continues to administer the Brownfield's Cleanup Revolving Loan Fund. The city has been reaching out to the business community and both residential and commercial developers to introduce the BCRLF.

The city was fortunate enough to be awarded \$300,000 of FY06 1st Round of Supplemental Funding to offer funds to a broader spectrum of applicants, which now includes gas stations.

During PY01, the city met with the new owners of 22 Blackburn Drive to assist them in a search for a Licensed Site Professional (LSP) to guide them with obtaining a state approved cleanup plan. The owner, Michael Butter, applied for funding at the end of PY 02, with a loan expected in PY03. Further activity had been delayed due in large part to Mr. Butter's indecisiveness on whether to raze or rehabilitate the structure in question. Ongoing discussions with Mr. Butter in the later part of PY03 concluded that the decision to raze the building had been reached. As previously reported, in early PY04 the Environmental Protection Agency (EPA) reviewed Mr. Butter's Site Implementation Plan. The Plan was approved by the EPA, thus triggering the city to examine an updated Brownfield's Loan application of Mr. Butter's. In the later part of PY04, the city approved a low interest loan in the amount of \$200,000 amortized over 15 years to remediate the site at his Blackburn Industrial Park location. However, the work scheduled to commence in early PY05 has again been postponed for no apparent reason other than a lack of action on the property owner's part. Mr. Butter continues to not follow through on taking the necessary steps to secure the city's BCRLF or maintain contracted environmental specialists. The city is strategizing on what action must take place. The site continues to be a hazard to the community and environment.

In PY07, the site at 143 Washington Street is thriving. The property in question abuts the owners existing property on Railroad Avenue, which is the location of a successfully completed Brownfield's project, a mixed-use development project that compliments the State's Office Commonwealth Development's Ten Sustainable Development Principles concept. All the residential units are sold and the storefronts below are full. As development in the area has progressed, the loan has been paid down aggressively from an original balance of \$250,000 in to \$158,000 today. The project has been one of the

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EPA's and city's success stories on how Brownfield Funding works for the community. They are adding an additional block of stores to the left of the site of the property.

The city approved a second Brownfield's loan to one of the owners of 143 Washington Street (Jay McNiff) for the clean-up and residential development of 3.5 acres at the end of Whittemore and Riverside streets. It was formally known as the Cape Ann Forge and rezoned residential R-3. The City has solicited quotes for a QEP to oversee this project, which needs to be "cleaned" up to a residential use level. They have signed an agreement for \$295,000 with the City and have almost completed clean-up of the site. They have submitted a RAM completion report and continue to monitor the water quality.

Suitable Living Environment

The City of Gloucester has extremely strong and active public service agencies, the most diverse being Action, Inc., YMCA, and Pathways for Children, Inc. Programs. In addition there are many well-run programs with a concentrated focus targeted to community needs such as the Open Door Food Pantry, and Cape Ann Interfaith. In PY08, CDBG supported these programs to provide services that are continually improving the living environment for the low and moderate-income residents of the city.

Handicapped accessibility continues to be addressed through the CDBG Housing Rehab Program and the Partnership with Community Teamworks, Inc. The Home Modification Program assists disabled homeowners with changes within the home environment that assist in staying in the home as well as providing reasonable home accommodations.

Program Income and other Advertised Reallocations of CDBG Funds

The reprogram of funds was advertised once during PY08 The city provided 7,500 to the YMCA of the North Shore, Inc. (YMCA) for Youth Employment. The Program supported the YMCA in collaboration with the City of Gloucester, Chamber of Commerce and the Gloucester Downtown Development Commission recruiting, employing, training, and supervising 72 youths from low/mod income families.

The City of Gloucester has been awarded \$212,436 of American Recovery and Reinvestment Act (ARRA) Community Development Block Grant (CDBG) funding (CDBG-R). These funds will be used for road improvements in income eligible neighborhoods.

IV. Fair Housing

The city promotes Fair Housing Objectives: freedom from discrimination in housing, equal opportunity, and accessibility. At the time of this CAPER, the North Shore Home Consortium updated their comprehensive, regional Analysis of Impediments (AI) to Fair

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Housing. As a complete participant, Gloucester referred to this regional AI for the Consolidated Plan.

The city's Fair Housing Plan includes the identification of any obstacles or impediments to housing that violated the spirit or letter of the law. Laws are in place at both the State and Federal level that are intended to prohibit discrimination in the rental and sale of housing. Discrimination occurs in the housing market when people who want to rent or purchase apartments or homes cannot do so, or are put at a disadvantage strictly because of some personal attribute, affiliation, or condition. In addition to identifying impediments to housing choice, the Plan recommends appropriate actions to overcome the effect of these impediments. Finally, a method to sustain a consistent fair housing effort and maintain appropriate records is recommended.

A. Impediments to Fair Housing

In our annual update to this Analysis of Impediments (AI), the following impediments were identified as areas in which the city could improve Fair Housing:

1. More than any other barrier, the lack of affordable housing in general was seen as an impediment (Impediment 7).
2. Lead Paint was seen as a barrier to families finding rental apartments (Impediment 11), and this concern was echoed in comments during the Plan 2001 citizen involvement.
3. Impediment 12 identified the need to fund projects in all communities, not concentrate them in low-income clusters. The State has echoed this approach with the demand for all communities to develop a minimum of 10% subsidized housing.
4. The city's ADA committee in 1998 identified three areas where accessibility should be improved: a) in public buildings, b) in private housing and c) improved handicapped accessibility along public ways. (Impediment 14)

B. Actions taken to address the Impediments to Fair Housing

Following the stated intentions in the Annual Action Plan, the following activities were undertaken to address the above impediments:

1. The First-time Homebuyer Program improved access to housing by low and moderate-income persons. The Housing Rehabilitation Program expanded to include rental as well as ownership units, and a 15 year affordability would be placed on rental units assisted to maintain a stable stock of affordable units. (See details under the housing narrative.)

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2. The city continues to share its expertise and advice regionally with regular attendance at monthly meetings of the North Shore Housing Trust Inc., the North Shore HOME Consortium, and the North Shore Continuum of Care.
3. The city has updated the ADA Transition Plan. It is critical it should not be the sole responsibility of DPW, who maintains all city-owned properties, to budget for the much needed ADA improvements. There will be strategizing on how the departments within city hall can invest, via their budgets, in the new Transition Plan.

C. Other Actions to promote Fair Housing

Through its membership in the North Shore HOME Consortium, the city has attended discussions on Fair Housing with representatives of the state Fair Housing Office, and also on predatory lending, obtaining brochures and a toll free phone number for residents to call when faced with potential predatory lenders. The Grants Administrator continues to collaborate with HOME and its Fair Housing Plan. We will continue to be sensitive and responsive to the needs of the handicapped in the community.

The Fair Housing Plan includes the identification of any obstacles or impediments to housing that violated the spirit or letter of the law. Laws are in place at both the State and Federal level that are intended to prohibit discrimination in the rental and sale of housing. Discrimination occurs in the housing market when people who want to rent or purchase apartments or homes cannot do so, or are put at a disadvantage strictly because of some personal attribute, affiliation, or condition.

In addition to identifying impediments to housing choice, the Plan recommends appropriate actions to overcome the effect of these impediments. Finally, a method to sustain a consistent fair housing effort and maintain appropriate records is recommended.

V. Continuum of Care

Staff continues to represent the city at the Continuum of Care meetings coordinated by the North Shore HOME Consortium. Our goal is to support the efforts of the Continuum of Care, and ensure our sensitivity to any gaps in the regional support systems. Through our attendance at the Continuum of Care meetings and from our own public service grants, the city remains in contact with the homeless housing providers in the region. Action, Inc.'s homeless shelter received \$154,000 to add 2 apartments for homeless permanent residences. The funds were made possible thru the Continuum of Care and McKinney Vento Act.

VI. Other Actions

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A. Special Needs Populations

CDBG funds continue to provide an array of services for special needs populations through our public service grants. The city provided \$5,000 to North Shore Health Project for their Be Well, Be Sober Program; and \$25,000 to North Shore Community Health Center for all residents.

B. Barriers to Housing and Gaps in Institutional Structures

CAHO, a 35 unit condo complex, financed thru HOME, CDBG, and state funds faltered due to slow sales and financing difficulty. MHIC has obtained full control of the condo complex and will again attempt to stir interest in this housing intended for low and moderate income families. There are 2 handicapped accessible units within this complex HOME funds will be made available, if low and moderate income persons apply for First Time Home buyers purchases.

C. Public Housing

The Gloucester Housing Authority (GHA), through its own initiatives and public and private partnerships, made the following efforts to advance the cause of Fair Housing during PY08:

1. Supportive Housing at McPherson Park

This unique program comes from collaboration among SeniorCare, Action, Inc., State Department of Elder Affairs and State Department of Housing and Community Development. The service coordination and program development provided through this initiative is very much appreciated by the residents and adds considerable value to the quality of life in this building. There are some elders on GHA's housing waiting list who they could not help if they could not offer the additional services provided through the Supportive Housing model. This initiative is made possible only through the will of the Governor and the approval by the legislature. In hard times the GHA and city hopes this program survives.

2. Family Self Sufficiency (FSS)

Kathy Ross of the GHA meets regularly with families who receive Section 8 assistance and who also are enrolled in GHA's Family Self-Sufficiency (FSS) Program. Ms. Ross reviews their goals and lends help where needed as they strive to meet their goals. There are 25 families who are active in the program. There are twenty families with escrow accounts that average \$3,000. Two families graduated from the program in PY08. One family purchased a home with their Housing Choice Voucher. The other family paid for nursing school with their escrow funds and achieved total self-sufficiency. At the end of PY08

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twelve FSS members are working full time, ten are working part time and seven are attending college or a job training program.

The FSS program gives families on Section 8 a chance to seek ways to improve their employability; increase their earnings; pursue a career; or achieve some other goal. As they progress in their individual plans and as their income increases, their share of the rent will increase also. The GHA's FSS offers an incentive to these families by monthly contributions to an escrow account equal to the increase in their share of the rent.

3. Homeownership Counseling

David Houlden and Kathy Erkkila, Homeownership/Administrative Specialist continue the innovative program of counseling first-time homebuyers. They saw homeownership opportunities expanding for low and moderate-income households. These opportunities are coming through government-sponsored programs and our own initiatives, such as, Section 8 Homeownership and their single-family development program. The concern for the pitfalls that may trip up new, inexperienced homebuyers and their identification of the need for more counseling in the Gloucester area led them to think about doing counseling.

The subprime mortgages and the prevailing foreclosure crisis in the Commonwealth prompted Kathy Erkkila, Homeownership/Administrative Specialist to add new classes to her training schedule. Kathy conducted her regularly scheduled courses in March and October, "Your First Home"-First Time Homebuyer Workshop. In addition she held a two-evening course called "After the Move", a Post Ownership Course. Also in May Kathy gave a one-night seminar on how to avoid foreclosure-"Safe and Sensible Mortgages". In July she gave a one-night seminar "Introduction to Buying a Home". We are grateful to local bankers, realtors, attorneys, insurance agents, inspectors and City of Gloucester officials who provide guidance at these sessions.

We could not afford to provide so many courses without local private sponsorship, specifically from Cape Ann Savings Bank, TD Banknorth and Rockport National Bank-Rockport and Gloucester. "Safe and Sensible Mortgages" was funded by a State grant of \$5,000 for Statewide Foreclosure Assistance and Prevention. In response to our solicitation for donations we received \$8,000 to support our operating costs. Since 2004 Kathy has counseled 533 families regarding all aspects of homeownership. PY09 saw a 33% increase in her number of clients served.

Ms. Erkkila was able to increase her one-on-one homeownership counseling, plus a new program born out of the mortgage crisis this year. A \$5,000 grant from the City's Community Development Block Grant contributed to this program's budget. Mortgage default and ARM's have caused foreclosures throughout the

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state. A newly established Post homeownership class has benefited 11 households. Hopefully, mortgage counseling will prevent such future crisis in Gloucester. This was made possible by the receipt of CDBG funds and the Massachusetts Mortgage Bankers Foundation. Ms. Erkkila provided individual counseling to 38 people pursuing homeownership for the first time.

4. Housing First Initiative

The GHA created this groundbreaking initiative with the State's Department of Housing and Community Development and the Department of Transitional Assistance. The goal is for the GHA to end the cycle of homelessness for families moving from shelters to permanent housing in Riverdale Park. Housing First established 12 set-aside placements in Riverdale Park for families referred from family shelters, such as Wellspring House. A Case Manager develops a Family Service Plan, incorporated into the families' leases, which assists them in developing skills to preserve their tenancies.

5. Taylor Street Condominiums

The GHA considered the best use for an obsolete apartment building at 10 Taylor Street. The building, managed under the Federal Public Housing Program, consistently failed HUD inspections despite considerable effort and maintenance investment in the property. The GHA Board decided to demolish the building and develop three units of housing for sale to first-time homeowners. One of the units will be barrier-free, handicapped accessible. During PY08 the Gloucester Housing Authority obtained a Special Permit from the Board of Appeals to proceed with the development. A Request for Proposals will be published seeking developers to build the housing and sell the units to first-time homebuyers with incomes at or below 80% of the Area Median Income.

D. Compliance and Monitoring

Annual monitoring visits were made to all public service recipients, with sub-recipients found to be in compliance with regulations.

VII. Leveraging Resources

The First-time Homebuyers Program provided \$122,484 of HOME funds, which leveraged \$2,028,679 in private financing to enable 11 low and moderate-income persons to purchase their first home.

The Public Service grants tend to leverage volunteer hours, private fund raising efforts, and other grant funding. \$5,000 to the Cape Ann Interfaith Commission for rental assistance leveraged \$34,750 of private funding and 1700 volunteer hours; \$5,000 to the

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Open Door/Cape Ann Food Pantry to provide assistance with food stamp applications and meal services leveraged over \$19,000 additional funds for operations; the Gloucester Housing Authority's Homebuyer's Counseling Program leveraged \$51,851; and the North Shore Health Project for their BE Sober Be Well Program leveraged \$78,153 and 1485 volunteer hours.

VIII. Self-evaluation

The city identified and offered a diverse array of programs to meet priority goals. The CDBG Programs improve the availability and quality of housing, the business environment, and the quality of life in the city. The CDBG Program is first guided by the three national objectives for the program:

1. primary benefit to low or moderate-income persons,
2. remediation of slums and blight, and
3. Urgent need.

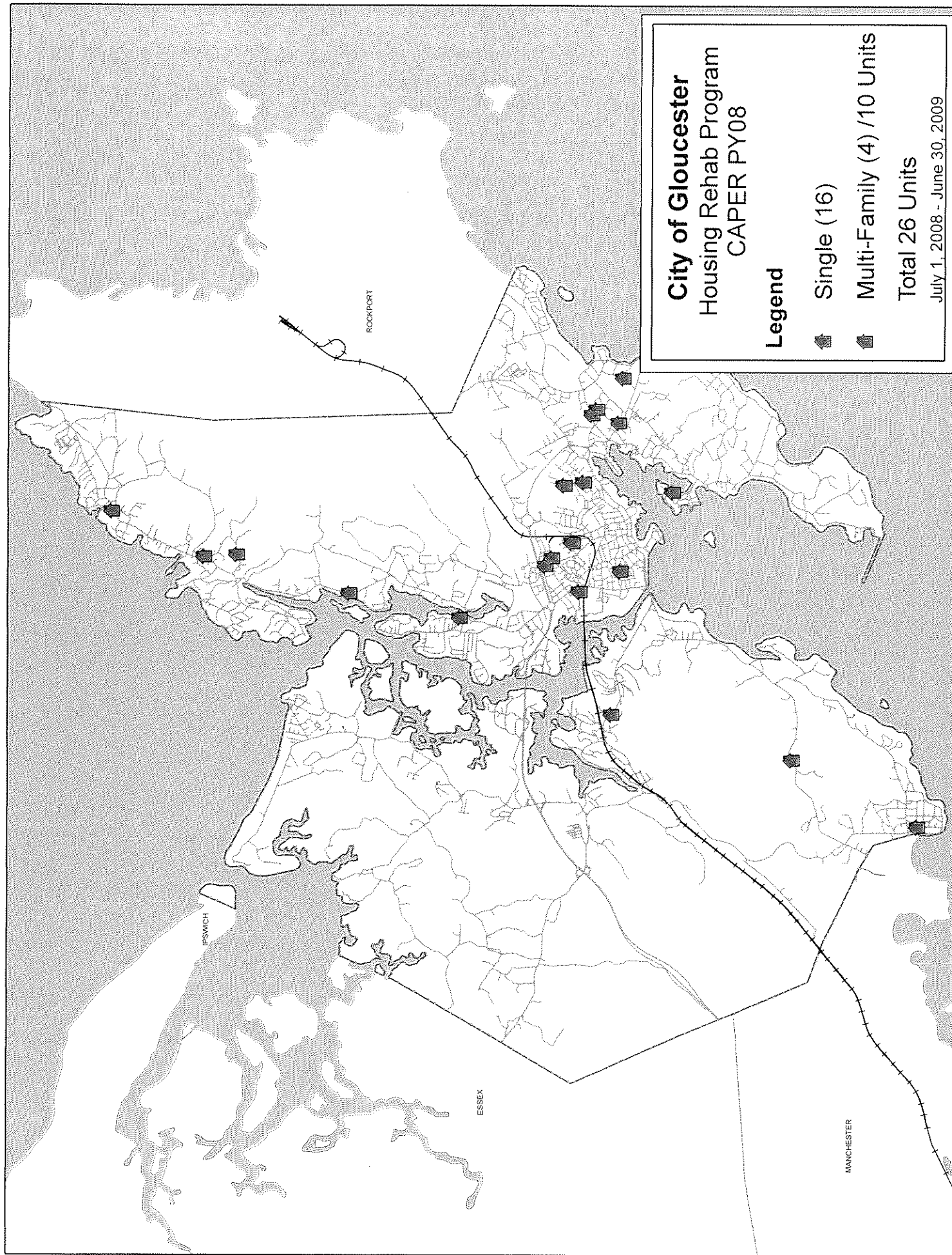
Where the needs identified in the Plan 2001 also fit the national objective, they were incorporated into the Consolidated Plan as priority needs for CDBG to serve and the suggested strategies were incorporated into CDBG planning.

The city has become well versed in available state funding for affordable housing initiatives. Housing Programs included Housing Acquisition assistance, Housing Rehabilitation Assistance, and development assistance to nonprofit housing organizations. All identified housing strategies were furthered with the Grants Office funding and staff time.

The Economic Programs worked for both individuals and for businesses. Individuals were offered an array of job training programs and further schooling. Businesses were offered assistance with cleaning up contaminated properties and putting them back to reuse.

Finally, CDBG continued to support several mainstay programs run by the capable nonprofit organizations in our city. We were very satisfied with the mix of services offered, and feel the city was well served.

The CDBG Program has been a vital resource for the community. The city tailors the CDBG Program and services to the needs identified in the community, and have shown responsiveness to citizen's priorities. The city is always seeking to improve our ability to access grant programs that serve community needs, and to keep current our knowledge of community services and activities. CDBG is a good program for the City of Gloucester.



City of Gloucester
Housing Rehab Program
CAPER PY08

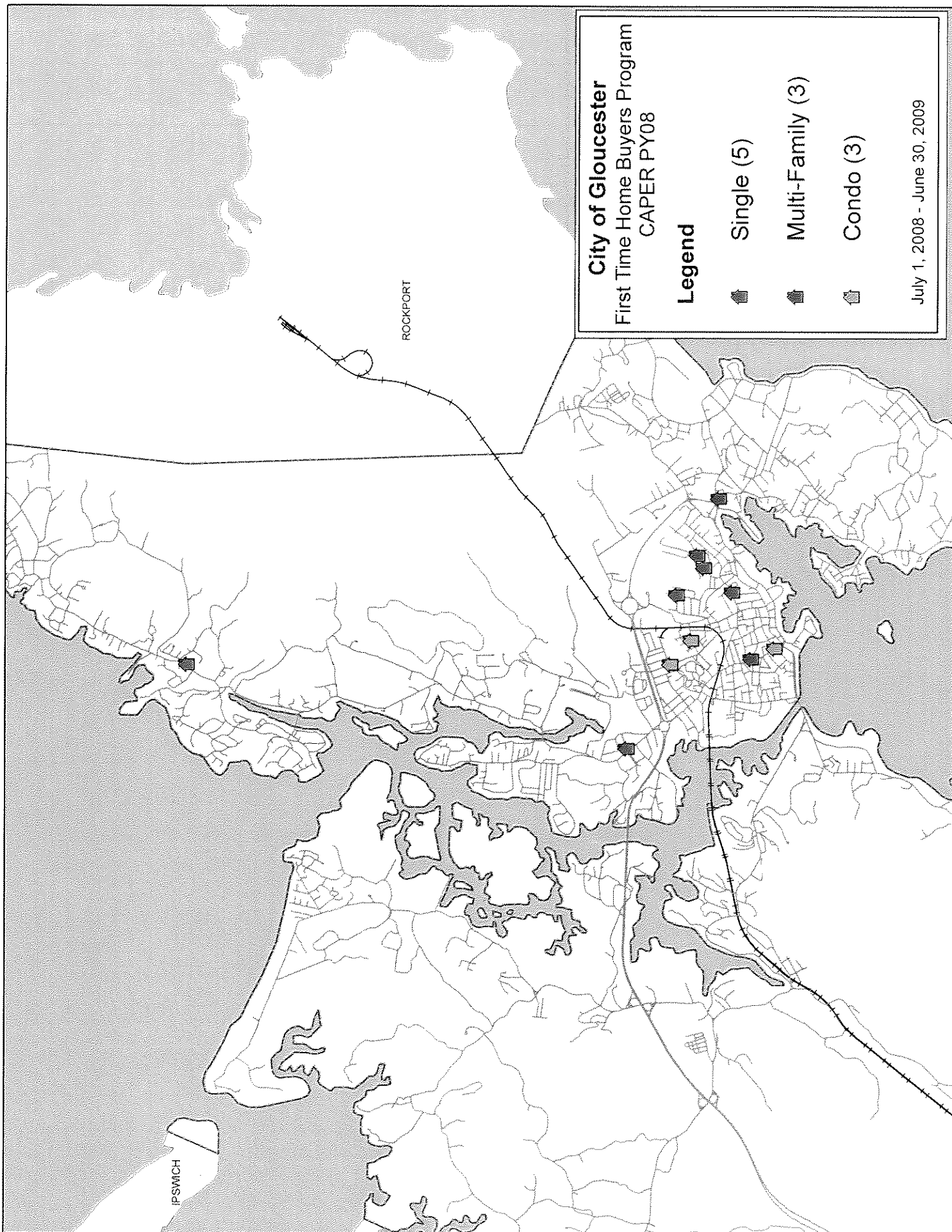
Legend

Single (16)

Multi-Family (4) / 10 Units

Total 26 Units

July 1, 2008 - June 30, 2009



City of Gloucester
First Time Home Buyers Program
CAPER PY08

Legend

- Single (5)
- Multi-Family (3)
- Condo (3)

July 1, 2008 - June 30, 2009

